

MINUTES

North Dakota Public Employees Retirement System

**Thursday, March 20, 2008
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.**

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Sharmain Dschaak, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Kevin Schoenborn, BCBSND
Ms. Onalee Sellheim, BCBSND
Mr. Alan Pertuz, Health Dialog
Mr. Brad LaPorte, Health Dialog
Mr. Bill Kalanek, AFPE

Via Conference Call: Mr. Larry Brooks, BCBSND

Chairman Strinden called the meeting to order at 8:37 a.m.

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the February 21, 2008 Board meeting.

MR. LEINGANG MOVED APPROVAL OF THE FEBRUARY 21, 2008 NDPERS BOARD MINUTES. MS. SMITH SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

HEALTH DIALOG UPDATE

Mr. Pertuz and Mr. LaPorte from Health Dialog reviewed with the Board the year 2 program results for the NDPERS MyHealthConnection. Information included financial outcomes, estimated medical cost savings from the chronic population, estimated total per member per month cost savings, and compliance improvements in 8 of 14 clinical quality indicators. The Board had questions of Health Dialog staff and requested that when the agreement comes up for renewal, to include information on participation by dependents in the Health Dialog program.

UND WELLNESS UPDATE

Ms. Vogeltanz-Holm reviewed with the Board the year two findings and recommendations on the North Dakota Worksite Health Promotion Program. The report provided worksite health council members' responses to a survey regarding their views about their pilot health promotion program as well as Dr. Vogeltanz-Holm's data-based preliminary conclusions for worksite health promotion programming for PERS-enrolled agencies.

EPO SURVEY COMPREHENSIVE REPORT DECEMBER 2007

Ms. Sellheim with BCBSND reviewed the EPO Comprehensive Report with the Board. Overall results included a high interest in keeping the EPO as a health option.

LIFE INSURANCE PLAN RENEWAL

Mr. Collins informed the Board that the life insurance plan is up for renewal. NDPERS has contracted with Prudential since 2005 and they have agreed to reduce the optional rates by a total of 15%, the basic life rate would remain the same, and the dependent care rate would decrease by 12%. They have also agreed to guarantee these rates for a three year period. It is staff recommendation to renew with Prudential for three years. It was noted that after this renewal the plan would be put out to bid.

MR. LEINGANG MOVED TO APPROVE A THREE YEAR RENEWAL WITH PRUDENTIAL FOR LIFE INSURANCE. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

MOTION PASSED

CIGNA PERFORMANCE GUARANTEE AGREEMENT

Mr. Collins informed the Board the CIGNA Service Performance Guarantee Agreement is due for annual renewal. It has been reviewed for compliance by legal counsel and staff and no issues were noted. Mr. Collins also noted that we will continue the performance guarantee which will provide a point of monitoring for their services.

MR. SANDAL MOVED TO APPROVE THE CIGNA SERVICE PERFORMANCE GUARANTEE AGREEMENT FOR ONE YEAR. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden.

Nays: None

MOTION PASSED

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt reviewed with the Board the February surplus projection and affordability analysis for the NDPERS group medical plan.

2007 BCBS CLAIMS REVIEW

Mr. Reinhardt reviewed with the Board the 2007 claims review report. Claims errors found during this audit were one-time errors and have been corrected.

2007 EMPLOYEE ASSISTANCE PROGRAM UTILIZATION

Mr. Reinhardt reviewed with the Board the 2007 EAP utilization. The overall EAP utilization rate is 9% which is comparable to previous years.

RETIREMENT

FIDELITY RENEWAL

Mr. Collins stated that Fidelity is due for the last of their biennial renewals before a general bid is done. Fidelity has agreed to maintain the current service levels and offer the same pricing structure. It is recommended this be reviewed with the Investment Subcommittee before final consideration by the Board. The Board agreed with this approach. After Investment Subcommittee review, Mr. Collins will report back at the April meeting.

SEGAL INFORMATION

Mr. Collins reviewed with the Board a more detailed gain loss analysis and funding projections provided by Segal which was a follow-up after the valuation last November.

DEFERRED COMPENSATION

PROVIDER TRAINING COMPLIANCE

Mr. Collins requested this issue be carried over to the next Board meeting. The Board agreed.

NEW PROVIDER ADDITION

Mr. Collins reported that a new deferred compensation provider (American United Life in conjunction with OneAmerica Financial) has met the requirements with an effective date of participation of May 1, 2008.

4th QUARTER 2007 INVESTMENT REPORT

Mr. Reinhardt presented the 4th quarter investment report as reviewed by the Investment Subcommittee. The number of participants in the 401(a) plan remains around 300 and the assets decreased slightly to \$18.0 million as of December 31, 2007. The number of participants in the 457 Companion Plan increased to 2,019 and the funds increased to \$24.0 million as of December 31, 2007. Fund returns for the quarter were mostly negative. Fidelity met with the Investment Subcommittee and recommended adding more in the international area to the core lineup which the Subcommittee will be reviewing.

MISCELLANEOUS

LEGISLATION

Mr. Collins reviewed the draft bills with the Board. Mr. Webb discussed changes to Bill #2 relating to members of the NDPERS Board that serve on the ND State Investment Board. Board discussion followed.

MR. TRENBEATH MOVED TO REDRAFT BILL #2 TO CHANGE THE EXISTING LAW TO ALLOW TWO OF THE MEMBERS APPOINTED TO THE STATE INVESTMENT BOARD MUST BE FROM THE ELECTED MEMBERS AND THE THIRD MEMBER CAN BE APPOINTED FROM THE BOARD IN GENERAL. MR. LEINGANG SECONDED THE MOTION.

Board discussion followed.

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath and Chairman Strinden

Nays: Mr. Sandal

MOTION PASSED

No further discussion on the remaining draft bills.

MR. LEINGANG MOVED TO APPROVE THE LEGISLATION WITH THE SUGGESTED CHANGES. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Enrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden

Nays: None

MOTION PASSED

PERSONNEL POLICY MANUAL UPDATE

Mr. Collins reported that the Personnel Policy Manual has been revised based on recommendations from our internal auditor and risk management division.

**MS. EHRHARDT MOVED APPROVAL OF THE PROPOSED PERSONNEL POLICIES.
THE MOTION WAS SECONDED BY MS. SMITH.**

Ayes: Ms. Ehrhardt, Mr. Leingang, Ms. Smith, Mr. Trenbeath, Mr. Sandal, and Chairman Strinden

Nays: None

MOTION CARRIED

HIPAA PRIVACY AND SECURITY POLICIES

Mr. Reinhardt reported to the Board that PERS is maintaining its compliance with the HIPAA privacy and security regulations. Staff training has been completed and no complaints have been filed against PERS with regard to violation of the HIPAA privacy regulations.

AUDIT COMMITTEE MINUTES

The audit committee minutes from the November 21, 2007 meeting were shared with the Board.

The State Investment Board agenda and approved minutes were shared with the Board.

Mr. Collins reported that the Legislative Employee Benefits Committee will be holding their meeting April 22, 2008 at which time the bills will be heard, then forwarded onto the actuaries for review. The cities of Fargo and Jamestown came onto the PERS retirement plan as of January 1, 2008. The city of Grand Forks has decided to come onto the plan beginning July 1, 2008. The city of Fargo Parks and Recreation Department is coming onto the plan this spring. Overall, this year the retirement plan will increase by about 800 members or about 2%. As a matter of information, when these new groups come onto the PERS plan it is all prospective with no assumed liabilities.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:50 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board